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Male, female planners run practices differently

By Jeff Benjamin

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DETROIT - When it comes to the business of financial planning, men and women often approach the running of their respective practices differently but tend to get similar results.

According to the findings from a recently released study of gender differences in the financial planning profession, the playing field is leveling among male and female planners despite distinctions in the area of practice management.

The study, which involved feedback from more than 300 financial advisers from around the country, was conducted over several weeks through e-mail correspondence late last year by the Financial Planning Association in Denver and OppenheimerFunds Inc. in New York.

Lauren Coulston, manager of advocacy programs at OppenheimerFunds, said the study was developed to determine if in fact there are any significant differences in the way male and female financial planners run their businesses.

"We thought there would be a pretty interesting gap," she said. "We went in with preconceived notions that there would be a huge gap in the way they ran their practices."

The study's results suggest that women tend to rely more heavily on professional networking groups and associations to build their businesses, while men are more likely to take the more casual approach of seeking referrals through their existing client bases.

The study showed that 91% of the female respondents found new clients through public seminars and professional contacts, compared with 77% of the male respondents.

In terms of seeking new business through referrals from existing clients, 90% of the male advisers said they took that route, compared with 87% of female respondents.

Amy Jensen Wolff, owner and president of AJW Financial Inc. in Minneapolis, said the survey results are in line with the way she has always managed her planning business.

"I would agree that women are generally more comfortable with professional-type networks," she said.

The fact that the study also illustrated a number of similarities in the overall planning process is more proof, Ms. Wolff added, that "men are from Mars, and women are from Venus."

Ms. Wolff, who described her client base as being 55% women, 40% couples and 5% men, said women are hard-wired to share in groups.

"If you think about things like wedding showers and baby showers, they're examples of the ways that women tend to get together in groups and share. I think that has followed us into the workplace," she said.

"I don't see that in men, and I don't know why," Ms. Wolff said.

In terms of clients with more than $1 million worth of investible assets, women reported a considerable edge.

The survey findings showed that 53% of the female respondents had at least 21% of their client base in the $1-million-plus category, compared with just 27% for male advisers.

However, the survey also showed that 28% of the women said that less than 5% of their clients fit into the high-net-worth category, compared with 23% of the men.

Both male and female advisers preferred managing clients, versus managing client assets.

When asked what they enjoyed more about the financial planning profession, managing clients or managing money, 79% of all respondents selected managing clients. Of that total, 84% of the women said they preferred managing clients, compared with 72% of the males.

When the advisers were asked whether they were more effective at managing clients or managing money, 81% of the total group opted for managing clients, but the breakdown was more extreme.

The women tilted 86% in favor of managing clients, compared with 75% of the men.

While time management ranked high among the challenges faced by both genders, neither group reported spending much time outside of regular working hours dealing with clients.

Of those surveyed, 92% of advisers said they spent no more than 10 hours a week after business hours speaking with clients.

Women, in general, tended to be more optimistic about the prospects for their planning business, with 62% saying they expected their business to grow by 20% or more over the next year, compared with 50% of the male respondents.

The optimism of women may also have something to do with when they expect to retire.

While 23% of both male and female advisers said they expected to retire at between 60 and 65, 70% of men also said they wouldn't retire until age 65 or older, compared with just 51%

of women.

James Barnash, FPA president and Chicago-based managing director with Lincoln Financial Advisors Corp. of Fort Wayne, Ind., said a significant overall finding from the survey is that financial planning is a profession in which women can succeed.

"As the survey results suggest, there is not a glass ceiling that exists, so a woman's success is based solely on her ability to provide a high level of service to her clients," he said.